



## **UPDATE ON RESERVE MONEY**

**AS AT 20<sup>TH</sup> NOVEMBER 2020**

## RESERVE MONEY

1. Reserve money for the week ending 20<sup>th</sup> November 2020 increased by ZW\$3.18 billion, to ZW\$18.37 billion, largely reflecting an increase in banks' liquidity (RTGS balances) at the Reserve Bank, by ZW\$3.09 billion.
2. The rise in reserve money was largely due to an increase in Government expenditures, associated with payment of annual bonuses, in addition to Government's monthly salary and wage bill. This saw Government deposits at the Reserve Bank falling by ZW\$2.33 billion during the week under review, thus injecting liquidity into the market.
3. The increase in reserve money is well within the Bank's targeted 25% quarterly growth in reserve money by end-December 2020.

**Table 1: Reserve Money Developments (ZW\$ Billions)**

								PRELIMINARY ESTIMATES		
	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Week Ending 30 Oct-20	Week Ending 13 Nov-20	Week Ending 20 Nov-20
Currency Issued by RBZ	1.31	1.34	1.46	1.67	1.90	2.06	2.14	2.12	2.15	2.14
Banking Sector Deposits at RBZ	8.79	10.20	12.08	10.42	11.46	10.06	10.25	12.83	12.97	16.12
<i>Statutory (Required) Reserves</i>	<i>1.21</i>	<i>1.21</i>	<i>1.39</i>	<i>0.89</i>	<i>1.05</i>	<i>1.24</i>	<i>1.40</i>	<i>1.68</i>	<i>1.74</i>	<i>1.80</i>
<i>Banks' RTGS Liquidity</i>	<i>7.58</i>	<i>8.90</i>	<i>10.70</i>	<i>9.53</i>	<i>10.41</i>	<i>8.83</i>	<i>8.85</i>	<i>11.15</i>	<i>11.23</i>	<i>14.32</i>

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	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Week Ending 30 Oct-20	Week Ending 13 Nov-20	Week Ending 20 Nov-20
Other Deposits	1.61	0.92	0.28	0.58	2.79	0.26	0.34	0.09	0.08	0.12
<b>Reserve Money</b>	<b>11.71</b>	<b>12.46</b>	<b>13.82</b>	<b>12.65</b>	<b>16.15</b>	<b>12.38</b>	<b>12.73</b>	<b>15.04</b>	<b>15.19</b>	<b>18.37</b>
<b>Memorandum Items</b>										
Currency Issued/Reserve Money Ratio (%)	11.2	10.8	10.5	13.2	11.8	16.6	16.8	14.11	14.12	11.63
Currency in Circulation /Deposits Ratio (%)	2.2	2.0	1.9	1.2	0.9	0.7	0.7	1.3	1.3	2.8
Monthly Change in RTGS Balances (%)	26.3	18.5	19.0	-10.9	-9.2	-15.2	0.3	-9.41	-6.75	27.51
Monthly Change in Reserve Money (%)	24.8	6.5	10.9	-8.4	27.6	-23.3	2.8	-6.69	-4.81	20.92
Government Deposits at RBZ (Stock)	2.85	2.97	2.09	7.46	6.02	9.52	10.45	5.48	6.66	4.33
Monthly Inflation (%)	26.6	17.6	15.1	31.7	35.5	1.4	-0.5	1.4	NA	NA
Inter-Bank Exchange Rate	25.00	25.00	25.00	57.36	76.76	83.40	81.44	81.35	81.67	81.71